

APPENDIX D

FFY 2010 APPLICATION INSTRUCTIONS AND FORMAT FOR CDBG HOUSING AND NEIGHBORHOOD RENEWAL PROJECTS

A. DEADLINE FOR SUBMISSION OF THE APPLICATION and NUMBER OF COPIES

**THREE (3) copies of the CDBG application and attachments –
(1 marked “Original” and 2 copies) --
plus one copy of the application on computer disk or CD --**
for the FFY 2010 CDBG Housing and Neighborhood Revitalization competition
-- are to be delivered OR postmarked on or before:

Friday, January 15, 2010 by 5:00 P.M.

WORD or Excel documents must be compatible with Office 2007 or earlier software versions.

Copies of applications, attachments, and computer disk must be submitted to:
Community Development Block Grant Program
Community Development Division
Montana Department of Commerce
301 South Park Avenue
PO Box 200523
Helena, MT 59620-0523
Phone: (406) 841-2791 TDD: (406) 841-2702 Fax: (406) 841-2771

B. GENERAL INSTRUCTIONS

1. CDBG Housing grant applicants must complete and submit both of the following:
 - I. Montana's Uniform Housing Application Form -- the ***Uniform Application for Montana Housing Loan, Grant & Tax Credit Programs*** (August 2006 Edition, with a May 2007 update of Section C, Financial Information) -- on the MDOC website at http://housing.mt.gov/Hous_Apps.asp, described in #3 below;
 - II. All the required CDBG-specific application information requested in the ***CDBG Application Guidelines for Housing and Neighborhood Projects for the FFY 2010 (November 2009) Competition***, http://comdev.mt.gov/CDD_CDBG_Hous.asp
2. Contact the staff of the Montana CDBG Program with any questions you might have as you are preparing an FFY 2009 application or as you are thinking about preparing an application. **(406) 841-2791.**
3. To simplify the preparation of applications, the CDBG application materials (formatted in Microsoft Word) are available on computer disk and also are available on the web at http://comdev.mt.gov/CDD_CDBG_Hous.asp
4. **Uniform Housing Application:** To make the process of applying to housing financing programs simpler and more efficient, the Montana Department of Commerce (MDOC) and the U.S. Department of Agriculture (USDA) Rural Development (RD) Services worked together to develop a Uniform Housing Application form with common basic requirements -- the **Uniform Housing Application**, which must be used to apply to any of the Montana housing programs (MDOC and USDA) listed below.

Brief descriptions of each of the MDOC and USDA housing funding programs referenced on the next page and a listing of their contact persons can be found on pages 1- 19 of the **Uniform Housing Application**:

- **MDOC's Housing Programs:**
http://housing.mt.gov/Hous_Apps.asp
 - CDBG Housing and Neighborhood Renewal Grants Program
 - Montana Neighborhood Stabilization Program
 - The Home Investment Partnerships (HOME) Program – including its Single-Family Noncompetitive Program (formerly called the “Single Family Allocation Pilot Program”), an allocation of HOME funds for homeowner rehabilitation and homebuyer assistance activities)
 - The programs of the Montana Board of Housing (MBOH):
 - Low Income Housing Tax Credit Program
 - Multifamily Risk Sharing Housing Program
 - Multifamily General Obligation (G. O.) Housing Program
 - Single Family Set-A-Side Housing Program
- **USDA Rural Development Services' Housing Programs:**
<http://www.rurdev.usda.gov/mt/rhs/rhshome.htm>
 - Housing Preservation Grants
 - 504 Home Repair/Rehabilitation 1% Loan Program
 - 504 Home Repair / Rehabilitation Grant Program
 - Rural Rental Housing 515 Program
 - Farm Labor Housing 514 and 516 Program
 - Section 538 Guaranteed Rural Rental Housing Program
 - Community Facilities Loan and Grant Programs.

5. Applications submitted to CDBG must:

- a. address all general CDBG requirements (see Appendix F) and special CDBG requirements (see Appendix G) that are listed in Chapters II through V of the Application Guidelines;
- b. include a narrative responding to each of the five CDBG Ranking Criteria by providing a narrative response to each of the specific questions and application ranking issues that are listed under the five CDBG Housing Grant ranking criteria found in Chapter V, Section G, HOUSING AND NEIGHBORHOOD RENEWAL CATEGORY RANKING CRITERIA;
- c. contain relevant documentation and evidence -- adequately support the assertions made in the application's narrative responses; and
- d. Include all the information requested in the ***Uniform Housing Application***.

DIRECTIONS FOR APPLICANTS

In scoring applications, the MDOC CDBG staff will consider the applicant's response to:

- ~ each of the SPECIAL REQUIREMENTS AND GENERAL REQUIREMENTS as found in Chapters II through V of the Application Guidelines);
- ~ each of the APPLICATION RANKING ISSUES AND QUESTIONS listed for each of the five CDBG Housing ranking criteria (Chapter V, Section G); and.
- ~ each of the sections of the *Uniform Housing Application*.

a. Respond point by point, question by question, to each of the ranking questions listed in Chapter V, Section G, Housing and Neighborhood Renewal Category Ranking Criteria.

b. Review the guidance in "Suggestions for Writing Successful CDBG Applications" (*Appendix E* of these Application Guidelines).

c. If you have any question whatsoever about whether answering "Not Applicable" to a question is an accurate response to a question listed in the application Guidelines, call the Montana CDBG staff for a clarification.

d. Present all relevant evidence and documentation needed to explain and support your application narrative's assertions.

e. To reduce duplication as you address each of the questions listed, you can make reference to other sections of the application where the issue has already been addressed (rather than repeating the same material). Example: "Our response to question A.10 of Criterion 3 is found in our Exhibit 3-C. Also please our response to questions A.6 of Criterion 5, where we provide additional discussion of our project strategy relevant to question A.10 of Criterion 3."

f. In your narrative, provide a clear reference to other materials that you are including as exhibits that have supporting documentation and evidence for your assertions. Example: "For evidence supporting our response to question A. 1 of Criterion 2 (asking how we have documented long-term local demand for additional affordable housing), please see our see our Exhibit 4-F for information about a survey we conducted in early 2009 that provides evidence for our long-term needs."

g. When you include an exhibit that documents evidence for your assertions, you should include in your narrative a statement that describes the relationship of what is being referenced (the exhibit) to the ranking issue or special requirement. Example: "Our Exhibit 4-A provides a detailed analysis of how we complied with the CDBG requirements for income surveys (referenced in CDBG question B.6 of Criterion 4). Our Exhibit 4-A includes a copy of the survey form we used and shows how we assured that the survey response size met the requirement listed on pages D-2 and D-3 of the Montana CDBG publication *Documenting Benefits to Low and Moderate Income Persons*."

h. In addition, for ease of reference, provide any appropriate documentation or pertinent exhibits *immediately following* your responses to the APPLICATION RANKING ISSUES, rather than appending them to the end of the overall application. (See item 9a below.)

6. Follow the application format and sequence prescribed by the guidelines given in Section C (*APPLICATION FORMAT*) below.

7. Applications should be submitted on standard 8-1/2 x 11-inch paper, with maps and large sheets

folded to an 8-1/2 x 11-inch size.

8. Pages should be numbered consecutively.
9. Your application should present evidence and supporting documentation to back up your application's assertions and claims -- include *both* EXHIBITS and APPENDICES.

EXHIBITS are attachments containing information and evidence directly related to a specific ranking criterion and its requirements and ranking issues.

APPENDICES are attachments containing general supporting evidence and documents that are not directly related to a specific ranking criterion. Exhibits or Appendices included by CDBG applicants should clearly relate to the application narrative or requirements or application ranking questions or issues.

Exhibits and supporting documents should conform to the following order and documentation requirements:

- a. All exhibits directly related to a specific ranking criterion should be placed in the application immediately after your narrative response to that ranking criterion -- rather than in a separate appendix at the end of the application.

For example: After your narrative response for "Ranking Criterion 1, Community Planning and Citizen Participation," exhibits that you should insert immediately following would include things such as newspaper clippings, notices of public hearings, minutes of public hearings describing what comments were made by the public and how the applicant responded to public comments, attendance lists, planning meeting summaries, needs assessment survey documents (with results described and with analysis of the results presented), letters of support, and other documents giving further evidence of the way the applicant has addressed the specific issues and requirements of the ranking criterion.

- b. Other general supporting documents -- those not directly related to a specific ranking criterion or requirement -- may be placed in an appendix at the end of the application. "General supporting documents" include things such as maps, resolutions to Authorize Applications, or Certifications for Application. (See Section E of this appendix.)
 - c. Supporting documentation (exhibits and appendices) should be listed in the application's Table of Contents.
 - d. Identify the source of supporting data that is included in an exhibit or appendix.
 - e. If local research was conducted to support the application's claims -- such as a needs assessment survey or an income survey -- the survey methodology used must be described and a copy of the survey form with a composite summary of all responses submitted with the application as an exhibit or appendix.
 - f. All original documentation must be retained by applicants and made available for review in the event that the application is tentatively selected for funding. The lack of adequate documentation to substantiate representations made in the application will be considered sufficient grounds for the Department to re-rank an application, and, if necessary, to withdraw a tentative grant award.
10. Applications should be bound along the left-hand margin. Tabs on the right side of the applications should be used to mark sections.

C. APPLICATION FORMAT – ORGANIZATION AND SEQUENCE REQUIREMENTS

The CDBG application should be organized using the following sequence:

- 1) **Table of Contents**
- 2) **Checklists F and G** -- General Requirements and Special Requirements. Complete and include *Appendix F* and *Appendix G* of these guidelines.
- 3) **Uniform Application for Montana Housing Loan, Grant & Tax Credit Programs (2006-2007 Edition)**. See section D of this appendix for guidance concerning completion of the Uniform Application.
- 4) **Narrative Responses and Exhibits:**

Responses to all questions and all application ranking issues for each of the five CDBG Housing Ranking Criteria and to all applicable general (*Appendix F*) and special requirements (*Appendix G*) as described in Chapter V and also in Chapters II through IV.
AND

Exhibits directly related to each Ranking Criterion and its Application Ranking Questions and Issues. Any documentation or exhibits directly related to your responses to a given ranking criterion and its questions should be placed in the application immediately following your narrative responses to that ranking criterion.

- 5) **Appendices.** The following should be included as Appendices at the end of the application:

1. **Response to Appendix N -- for Applications for Assistance to Projects That Involve Non-profit or For-profit Entities as Partners -- if applicable.**

See *Appendix N* of the *CDBG Housing Application Guidelines*, which lists and describes essential information that is required in applications for projects that involve nonprofit or for-profit entities as partners in the proposed project.

2. **Resolution to Authorize Application and Firm Commitment of Funds.**

See *Appendix O* for a copy of a sample Resolution to Authorize Application and Firm Commitment of Funds and instructions. **Note: CDBG Housing grants – unlike CDBG Public Facilities grants – do NOT require local matching funds.**

3. **Maps.**

See *Appendix P* for a discussion of the Map requirements. Applicants must include a legible map showing the boundaries of the proposed project area and the locations of all proposed project activities, such as land to be acquired or facilities to be constructed or improved.

4. **Certifications for Application.**

The major federal requirements that apply to CDBG projects are set out in the *CDBG Certifications for Application* found in *Appendix Q* (requiring the signature of the chief elected official or executive officer of the applicant on page Q-13).

5. **Program Income Requirements** (if applicable). See *Appendix R*.

6. **Other Supporting Documentation Not Directly Related to CDBG Ranking Criteria 1 through 5.** See page D-4 above (item 9b) for further explanation.

D. THE UNIFORM HOUSING APPLICATION -- A REQUIRED PART OF AN APPLICATION TO CDBG

Detailed instructions for completing the *Uniform Housing Application* can be found in that document, available on the MDOC website at http://housing.mt.gov/Hous_Apps.asp. If you have questions about any of the information requested in the *Uniform Housing Application*, please contact the CDBG staff.

In addition to the instructions given in the *Uniform Housing Application*, CDBG offers the following guidance:

1. Complete Section A (Applicant Information), Section B (Project Information), Section C (Financial Information) and Section D (Environmental Information) of the *Uniform Housing Application*. **Be sure to provide all the specific information, details and explanations that are requested in Sections A, B, C and D.**
2. In Section C of the *Uniform Housing Application*:
 - (a) Provide the information requested in C - Part I (Sources of Funds Statement), C-Part II (Uses of Funds) -- make sure that you address the requirements highlighted in item 3 below; and
 - (b) Complete the following, *as applicable*:
 - ☐ C - Part III (Utility Allowance Information)
 - ☐ C - Part IV (Rent and Forecasted Income, Year 1)
 - ☐ C - Part V (Annual Operating Expenses) and
 - ☐ C - Part VI (15-Year Operating Pro-Forma).

IMPORTANT: Applications must demonstrate, provide evidence for, financial need. Applicants for CDBG grant assistance must provide proof and detailed evidence that demonstrates that:

- a) the proposed Housing project cannot reasonably be accomplished without a CDBG grant;
- b) all appropriate sources of funds besides CDBG have been seriously explored; and
- c) other private or public (local, state, or federal) resources are insufficient or unavailable to finance the proposed project at a reasonably affordable cost.

It is important to pay particular attention to the requirements of Section C (Financial Information) of the *Uniform Housing Application*. **The information that applicants provide in Section C will be used by CDBG to evaluate the financial need of the applicant and will also be used in the financial analysis that CDBG will use in making a recommendation for the amount of funds, if any, to be awarded to each applicant.**

As stated in Ranking Criterion 5 (Implementation and Management):

Each applicant must submit a project budget, which is accompanied by a narrative explanation of the rationale and assumptions for each line item of the proposed CDBG project activity and related administrative costs. This must include a breakdown identifying the sources and amounts of non-CDBG funds and total project cost estimates for each item. The budget narrative must explain, describe

and justify each line item in the project's proposed budget (C-Part I) and must support budget and financial assumptions that are made in Section C of the Uniform Application.

As stated in Ranking Criterion 2 (Need):

The evaluation of the applicant's "need for financial assistance" will consider whether:

- the applicant's presentation of the proposed project budget, funding strategy, and documentation of local financial limitations clearly support the applicant's need for the amount of CDBG financial assistance requested;
- the applicant has demonstrated that the level of financial participation in the proposed project by local government and private or non-profit entities is the maximum that can reasonably be expected;
- the applicant's need for CDBG assistance is comparatively greater than other applicants' needs; and
- the amount of CDBG assistance requested per benefiting household is reasonable and appropriate.

E. BUDGETARY CONSIDERATIONS AND FINANCIAL MANAGEMENT ISSUES RELEVANT TO CDBG'S RANKING OF HOUSING PROJECT PROPOSALS

1. Remember that the CDBG Housing Program is a competitive grant application program -- only the highest-ranking applications can be funded with the limited funds available.
2. The amount of CDBG assistance ultimately recommended by staff to the MDOC Director may differ from that originally requested by the applicant based on the review of the application and competing proposals.
3. Explain and justify each line item in your proposed budget. Address relevant questions about how your project will overcome financial and technical challenges. CDBG staff will not recommend funding for projects that it determines to be financially or technically infeasible or not cost-effective.
4. The proposed funding package must be sufficient to complete the proposed activities within a reasonable time period. Most projects should be able to be completed within 24-36 months of the date of announcement of grant award.
5. CDBG has established the following limits on allowable administrative costs and expenses: Up to ten percent (10%) of a CDBG Housing and Neighborhood Renewal grant award may be used for administrative costs and expenses. Exception: Up to fifteen percent (15%) is allowed for Housing Rehabilitation projects.

NOTE: All proposed administrative costs must be described, explained and justified. CDBG's 10% or 15% limit on allowable administrative funds is not an authorization to take 10% or 15% as an administrative costs entitlement. All administrative costs must be explained and justified.

6. A community considering a relatively small grant request should consider whether the proposed project would result in questionably high administrative costs relative to the actual project cost. Some administrative expenses are essentially fixed and are not proportionate to the total cost of a project. Communities considering relatively small requests (under \$100,000) may find that

the 10% allowed for administrative costs may not provide a sufficient budget to cover all administrative costs of a proposed project. In these circumstances, applicants are encouraged to contact the CDBG staff to discuss their proposed project prior to submittal of the application to determine the appropriate administrative cost and percentage.

7. Costs that have been incurred prior to the submission of a CDBG application or prior to the effective date of a contract are not eligible for reimbursement -- such as costs for preparing an application, costs of community surveys, costs of needs assessments, and costs of preliminary architectural or engineering studies conducted to prepare the application. However, if you are granted CDBG funds, certain reasonable expenses (for example, expenses associated with attending required CDBG project administration training and certain administrative expenses related to project start-up) will be eligible for reimbursement, even if incurred prior to the effective date of a contract.
8. **For additional information relevant to a grant recipient's financial responsibilities**, please see Chapter VII (Project Start-up and Management) of these ***Housing and Neighborhood Renewal Application Guidelines*** and Chapter 4 (Financial Management) of the ***CDBG Grant Administration Manual***, available at the CDBG website at: http://comdev.mt.gov/CDD_CDBG_GA.asp